

**From:** [KIRK.WILKINSON@lw.com](mailto:KIRK.WILKINSON@lw.com)  
**To:** [Cora, Lori](#)  
**Cc:** [michael.mculty@usdoj.gov](mailto:michael.mculty@usdoj.gov); [kira.dabby@lw.com](mailto:kira.dabby@lw.com)  
**Subject:** RE: Royal Policy Coverage -- confidential settlement communication  
**Date:** Monday, March 03, 2014 8:49:55 AM

---

Lori:

The four Royal policies are from 1975-76 through 1978-79. They are \$500,000 per occurrence and \$5 million aggregate for the first two years, and appear to be \$1 million per occurrence and \$5 million aggregate for the last two years. So the occurrence limits total \$3 million, and the aggregate limits total \$20 million. They have a pollution exclusion, and Royal is participating in the defense of Dil Trust in Hawaii. Royal will expect a reasonable discount for the pollution exclusion, and a small discount for paying cash up front. Analogizing to the Gulf Policy, DIL Trust is planning to allow half of this coverage to remain available for Hawaii. Would EPA and DOJ support a demand of \$7 million and a settlement above \$2.5 million? We think with an anticipated cash contribution from Gulf, this would be a nice cash start to the Insurance Trust concept we have been discussing.

Please let me know so I can try to push this one forward at the same time we continue discussions with Gulf.

Thanks,

**Kirk A. Wilkinson**

**LATHAM & WATKINS LLP**  
355 South Grand Avenue  
Los Angeles, CA 90071-1560  
Direct Dial: +1.213.891.8234  
Fax: +1.213.891.8763  
Email: [kirk.wilkinson@lw.com](mailto:kirk.wilkinson@lw.com)  
<http://www.lw.com>

---

**From:** Cora, Lori [mailto:Cora.Lori@epa.gov]  
**Sent:** Wednesday, February 26, 2014 10:12 AM  
**To:** Wilkinson, Kirk (LA)  
**Subject:** Royal Policy Coverage

Hi, Kirk. Mike McNulty informed me of your recent conversation. We want to get back with you soon regarding a potential Royal settlement of coverage claims. Can you tell me if \$3 Million is the total policy aggregate limit under all Royal policies or the per occurrence limit?

On a related note, did you forward to us the complete copy of the Gulf Policy, if not could you

provide a complete copy? Thank you very much.

---

**Lori Houck Cora** | Assistant Regional Counsel  
**U.S. Environmental Protection Agency | Region 10**  
P: (206) 553.1115 | F: (206) 553.1762 | [cora.lori@epa.gov](mailto:cora.lori@epa.gov)

**Follow @EPAnorthwest on Twitter!** <https://twitter.com/EPAnorthwest>

---

To comply with IRS regulations, we advise you that any discussion of Federal tax issues in this e-mail was not intended or written to be used, and cannot be used by you, (i) to avoid any penalties imposed under the Internal Revenue Code or (ii) to promote, market or recommend to another party any transaction or matter addressed herein.

This email may contain material that is confidential, privileged and/or attorney work product for the sole use of the intended recipient. Any review, reliance or distribution by others or forwarding without express permission is strictly prohibited. If you are not the intended recipient, please contact the sender and delete all copies.

Latham & Watkins LLP

---